

Message Text

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TAGS: ECON, MARR, PINT, PORG, NZ, US, UR, JA
SUBJECT: EAST ASIA ECONOMIC POLICY REVIEW: NEW ZEALAND

REF: (A) 77 STATE 299030; (B) 77 WELLINGTON 1502;
(C) 77 STATE 295477

1. THE BASIC ECONOMIC RELATIONSHIP BETWEEN THE UNITED STATES AND NEW ZEALAND HAS CHANGED LITTLE SINCE THE LAST POLICY REVIEW IN MAY OF 1977. WE HAVE REVIEWED REF. B, PREPARED FOR THAT EARLIER REVIEW, AND FIND IT REMAINS VALID TODAY. THIS MESSAGE, TOGETHER WITH THE OBJECTIVES PAPER PREPARED IN EA/ANP AT THE CONCLUSION OF THE MAY REVIEW (MAY 27, 1977) AND THE US GOALS AND OBJECTIVES IN NEW ZEALAND (REF. C) FORM A VALID BASIS FOR A DISCUSSION OF OUR ECONOMIC OBJECTIVES TOWARD NEW ZEALAND IN THE CONTEXT OF THE 1978 REVIEW.

2. COMMENTS ON OBJECTIVES: IN CONNECTION WITH THE GOAL "TO ENCOURAGE NEW ZEALAND TO DIVERSIFY ITS ECONOMY AND REDUCE ITS DEPENDENCE ON AGRICULTURAL PASTORAL EXPORTS,"
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IT MIGHT BE ADVANTAGEOUS TO EXPLORE THIS IDEA FURTHER. FOR EXAMPLE, IS THERE ANY WAY WE COULD ASSIST NEW ZEALAND IN EXPLORING THE MARKETS FOR ITS MANUFACTURED GOODS IN THE U. S.? IS ANYTHING BEING DONE IN THE ASEAN CONTEXT WHICH MIGHT APPLY HERE? IN TERMS OF PRIMARY PRODUCT EXPORTS, WHAT PRECISELY CAN WE DO TO ASSIST NEW ZEALAND TO OVERCOME PROTECTIVE BARRIERS? IN THE CONTEXT OF THE EA ECONOMIC

OFFICERS' MEETING, IT WOULD BE USEFUL TO EXPLORE WHAT ACTIONS ARE FEASIBLE IN TERMS OF US POLICIES IN THE MTN AND OUR DIALOGUE WITH JAPAN.

3. 1977 EVENTS WHICH INFLUENCE OUR POLICY:

A. GREATER NEW ZEALAND INTEREST IN TRADE WITH THE SOVIET UNION. THERE HAS BEEN A QUANTUM JUMP IN NEW ZEALAND TRADE WITH THE USSR IN 1977. WHILE WE NEED NOT OVERDRAMATIZE THIS, IT DOES POINT UP THE FACT THAT NEW ZEALAND NEEDS TO TRADE TO SURVIVE. IF DOORS TO MARKETS IN TRADITIONAL ALLIED COUNTRIES ARE KEPT CLOSED OR ONLY SLIGHTLY AJAR, WE SHOULD NOT BE SURPRISED TO SEE A GREATER INTEREST IN AND DEPENDENCE ON THE USSR AND EASTERN EUROPEAN MARKETS. WHILE THIS IS IN ITSELF NO REAL PROBLEM, THE SITUATION SHOULD BE CLOSELY MONITORED TO BE CERTAIN THAT LEVELS DO NOT REACH THE POINT WHERE IT MAY BECOME DIFFICULT FOR NEW ZEALAND TO RESIST POLITICAL PRESSURES, PARTICULARLY IN THE INTERNATIONAL ORGANIZATIONS.

?. DIALOGUE WITH JAPAN: WE HAVE EMPHASIZED TO THE GNZ, IN ACCORDANCE WITH DEPARTMENTAL INSTRUCTIONS, THAT OUR CONVERSATIONS WITH THE JAPANESE ARE NOT JUST ON BILATERAL ISSUES, BUT DESIGNED TO DEAL WITH JAPAN'S ROLE IN STIMULATING ECONOMIC RECOVERY WORLDWIDE. IN THIS CONTEXT, WE BELIEVE IT IMPORTANT BECAUSE OF THE OFFER MADE BY
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DEPUTY SECRETARY CHRISTOPHER IN THE RECENT ANZUS MEETING, THAT WE STRESS TO THE JAPANESE THE NEED TO OPEN THEIR MARKET NOT ONLY TO INDUSTRIAL BUT TO AGRICULTURAL PRODUCTS AS WELL, AND THAT DISCUSSION OF AGRICULTURAL PRODUCT ACCESS SHOULD NOT RELATE ONLY TO THOSE PRODUCTS OF SPECIFIC INTEREST TO US EXPORTERS. (THE NEW ZEALAND PRESS HAS BEEN QUICK TO NOTE THAT SO FAR OUR APPROACH REGARDING AGRICULTURAL PRODUCTS HAS BEEN TOO NARROW TO BENEFIT NEW ZEALAND DESPITE OUR PROTESTATIONS THAT THE US INITIATIVE IS AIMED AT HELPING OTHERS AS WELL AS OURSELVES.) SELDEN

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